

INDIANA DEPARTMENT OF TRANSPORTATION

100 North Senate Avenue, Room N725
Indianapolis, Indiana 46204-2249

January 1994

Contract Audit Circular: 93-12-04

SUBJECT:	Facilities Capital Cost of Money
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DEFINITION ISSUE: As part of the overhead survey, the Consultant may propose facilities capital cost of money.

ALLOWABILITY: Facilities capital cost of money is an imputed cost determined by applying a cost-of-money rate to facilities capital employed in contract performance. Cost of money is allowable if the consultant's facility investment is measured and allocated to contracts, if the consultant maintains adequate support, and if the estimated facilities capital cost of money is specifically identified or proposed in cost proposals relating to the contract. The cost-of-money rate is a separate calculation from the overhead rate, however, it is applied to direct labor on a project in a manner consistent with the overhead rate.

APPLICATION: A consultant proposed a cost of money rate to be applied to direct labor incurred on a project with the State.

ACTION: During the overhead audit the consultant must provide a completed Form CASB-CMF (Facilities Capital Cost of Money Factors Computation) and cost data to support the proposed rate. Refer to attached enclosure for a simplified copy of this form. The information provided on this form will be verified and the resulting rate will be allowed in addition to the approved overhead rate.

SOURCE: FAR 31.205-10

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SIMPLIFIED FACILITIES CAPITAL COST OF MONEY CALCULATION

XXXX ENGINEERING COMPANY

Facilities Capital Cost of Money

For the Year Ended December 31, 2000

		<u>General Ledger Account Balances</u>	
		<u>Dec. 31, 1999</u>	<u>Dec. 31, 2000</u>
Land		\$25,000.00	\$25,000.00
Building & Leasehold	\$250,000.00		\$260,000.00
Less Accum. Depr.	<u>(\$75,000.00)</u>	\$175,000.00	<u>(\$80,000.00)</u> \$180,000.00
Equipment, Furniture	\$350,000.00		\$375,000.00
Less Accum. Depr.	<u>(\$100,000.00)</u>	<u>\$250,000.00</u>	<u>(\$125,000.00)</u> <u>\$250,000.00</u>
Net Book Value		<u>\$450,000.00</u>	<u>\$455,000.00</u>

Net Book Value – 12/31/99	\$450,000.00
Net Book Value – 12/31/00	<u>\$455,000.00</u>
Total	<u>\$905,000.00</u>

*****	Divided by 2 = Average Net Book Value	\$452,500.00	
	Multiply Average U.S. Treasury Rate	<u>7.00%</u>	*****
	Facilities Capital Cost of Money	\$31,675.00	

Divided by Direct Labor Base	<u>\$1,600,000.00</u>
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Facilities Capital Cost of Money Factor	<u>1.98%</u>
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***** U.S. Treasury Rate available by calling Contract Audit at (317) 232-5368